



# Client Enrichment Series

## Welcome to today's presentation on: ***PBS's Consolidation Program Customer Roadshow***

***the presentation will start at 10am Eastern***

**Note:** Phones are automatically muted during the presentation. You have the ability to send questions to your fellow attendees and our presentation team via our live “Chat” pane. Our team will answer as many of the questions as possible throughout and at the end of the presentation. All questions will be captured, and answers sent to all participants prior to the next presentation.



## **PBS Client Enrichment Series**

### ***PBS's Consolidation Program - Customer Roadshow***

***Hosted by:***

***Eric Fulton, PBS Customer Engagement***

***Presented by:***

***Cliff Pearson and Christian Hazen, PBS Portfolio Management***

***Mike Bernatz, PBS Region 9 Consolidation Fund POC***

***Chuck Hardy, GSA's Total Workplace Program***

***Tiffany Simon and Eric Fulton, PBS Customer Engagement***

***Ashlee Carlson and Jeffrey Franz, PBS Reimbursable Services***



## ***Agenda***

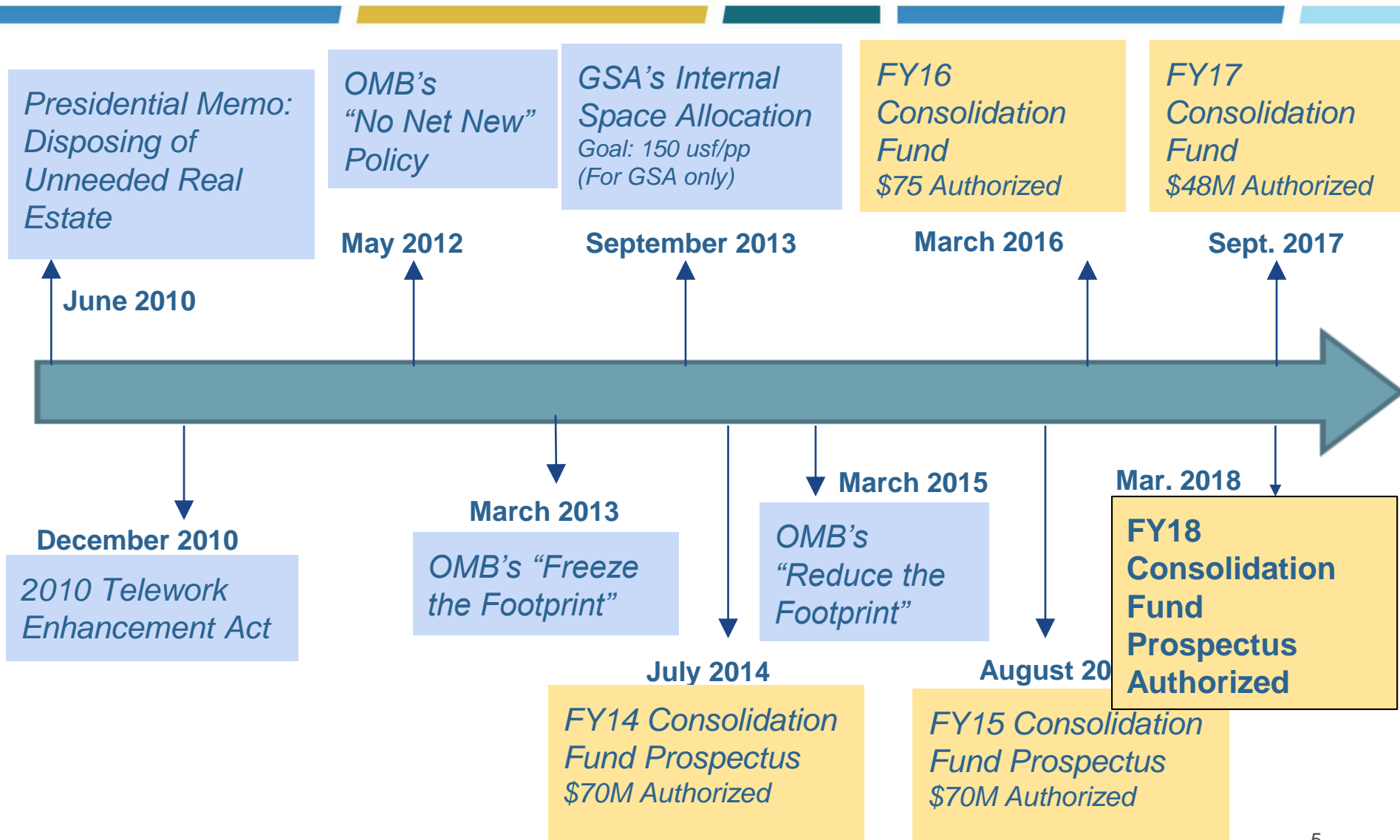
- ***Consolidation Program Overview***
- ***Schedule and Major Milestones***
- ***Consolidation Eligibility and Prioritization Criteria***
- ***Consolidation Worksheet - Business Case Development***
- ***Complementary Services - GSA's FIT Program (Furniture and IT)***
- ***GSA-Customer Coordination and Communications***
- ***Reimbursable Work Authorization (RWA) Strategies***
- ***Next Steps***



# ***Consolidation Program Overview***

## ***Cliff Pearson***

# History of Government is Right-Sizing and How GSA's Consolidation Fund Plays a Role



# *Consolidation Fund Value Proposition*

- Aligns with Federal mandates to cut cost and reduce the footprint on behalf of the American taxpayer
- Supports Agencies goals to optimize work environments fostering greater employee productivity
- Smaller pool of competition against other consolidation projects
- Reduces Agency rental payments
- No-year funding

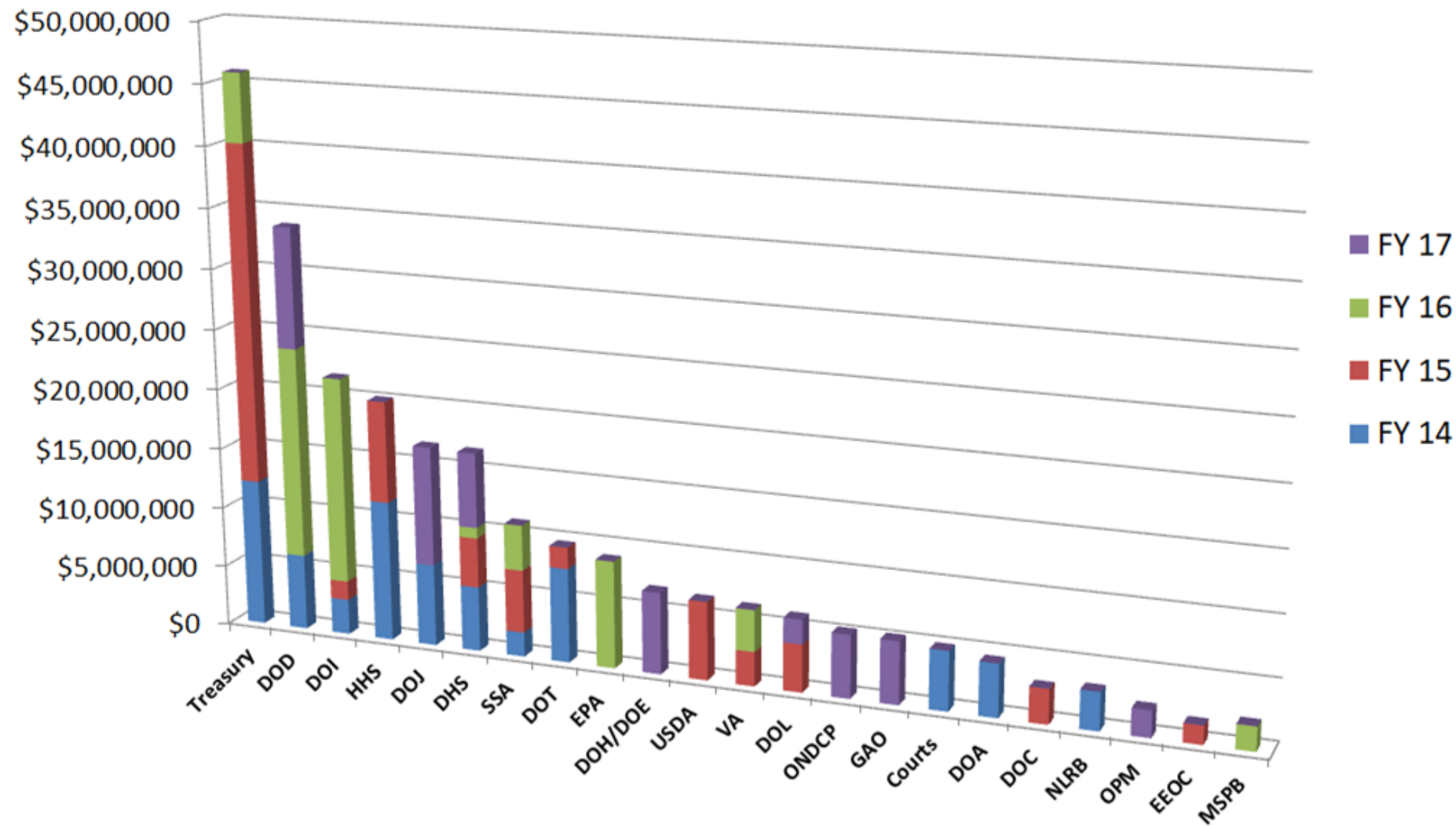




## *Results Oriented: Building Upon Success*

<b>Metrics:</b>	<b>FY14 (\$70M)</b>	<b>FY15 (\$70M)</b>	<b>FY16 (\$75M)</b>	<b>FY17 (\$48M )</b>
<b># of Agencies</b>	12	12	8	6
<b># of Projects</b>	30	24	15	9
<b>Annual Rent Savings</b>	\$19,254,200	\$18,355,994	\$16,652,195	\$12,183,722
<b>USF Reduction</b>	579,580	526,118	336,780	230,987
<b>Annual Leased Cost Avoidance</b>	\$47,846,292	\$30,920,020	\$33,678,399	\$20,303,070
<b>Avg Tenant Payback</b>	6.1 yrs	4.75 yrs	2.02 yrs	7.0 yrs
<b>Avg Taxpayer Payback (based on Leased Cost Avoidance)</b>	8.4 yrs	5.38 yrs	3.56 yrs	5.7yrs

# Annual Spend Plans - Consolidation Funding By Customer







# ***FY19 Schedule and Major Milestones***

## ***Cliff Pearson***

# Create Draft Workbooks for FY19 by 5/31/18



Projects are added,  
removed, or updated

Workbooks are  
refined

Last day to update  
workbooks is 9/29

**5/31/18 Potential Project List**  
**Our Starting Line-up**  
**“Who are the players?”**

**Agency Meetings**

**8/4/18 Preliminary Short List**  
**Half Time**  
**“What will it take to beat the  
competition?”**

**Finalize  
Workbooks**

**10/6/18 Final Short List**  
**Final Score**  
**Projects “win” funding**

# ***Key Dates to Remember***

- **April** - GSA and Customer Kickoff Presentations
- **April - May** - Create Preliminary Business Cases for Potential Projects
- **April - July** - Develop and Confirm Project Business Cases with Agencies  
*(scope, schedule, financials, and savings)*
- **August** - Preliminary Short List
- **August - Sept** - Customer Meetings push greater savings & finalize the business case
- **October** - ***Final Short List***

## ***Key Dates to Remember cont.***

- **October - November** - Vetting of the Short List (internal), Confirm Agency Commitment, Creation of the Spend Plan Documents; meetings/approval process initiated.
- **Early November** - Target for completion of all GSA approvals and the Spend Plan being sent to OMB
- **Mid November** - Target OMB approval
- **Mid - End November** - Target Spend Plan Submitted to Congress
- **Late November - Early December\*** - Target Funds available

*\*Subject to Budget Approval*



# ***Consolidation Eligibility and Prioritization Criteria***

***Cliff Pearson***

# *Consolidation Fund - Eligibility Requirements*



## Pricing

### **Project Results in Reduced Agency Rent**

- Standard Pricing Policy Applies
- Agencies pay back TI and fund Agency expenses (moves, etc.)

## Consensus

### **Agree on submission, scope, schedule, savings, costs**

- No scope overlap with prospectuses or exchanges
- No schedule risk if funds aren't received until July 2019

## Approval

### **Spend Plan Approved by GSA, OMB, Congress**

- GSA costs cannot exceed \$10M per project
- Target location must be in the GSA inventory (owned or leased)

# ***Consolidation Fund - What Does the Fund / GSA Cover?***

Standard Pricing Policy applies to Consolidation Funds, for example:

- GSA will fund shell costs in owned buildings through Consolidation Funds; shell costs in leased buildings are financed by the lessor
- Agencies will repay the Tenant Improvement (TI)
  - The general TI allowance is amortized in rent
    - an RWA can be used for TI costs above the allowance (the agency's TI customization tier)
  - The TI amortization term can be adjusted, but cannot be longer than the economic life of the improvements or the term of the OA



# ***Consolidation Fund - What Does My Agency Cover?***

- Move Costs
- Furniture and IT Costs
- Other Costs

## *Alternative Funding Strategies*

- Total Workplace / FIT Program to cover furniture and/or IT costs
- Reimbursable Strategies
  - GSA will work with agencies to assess their current RWA balances, and then explore any reprioritization of RWA funds not yet obligated

## *Best Practices - Top Agencies*

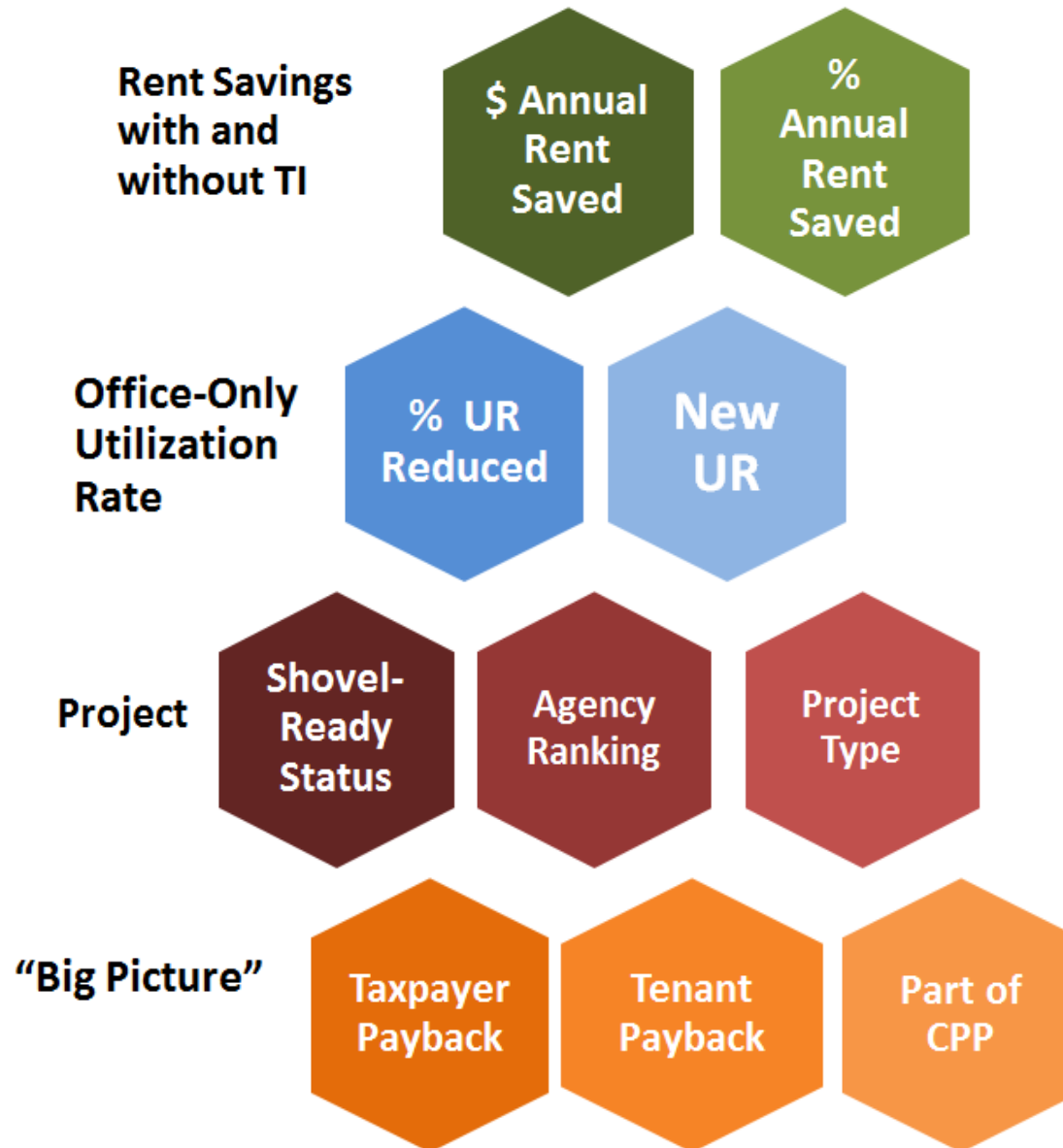


# Consolidation Prioritization Criteria

Criteria	Points	Criteria	Points
Annual Rent Savings (with and w/out TI)	Capital Projects: 3 pts – >=\$750K 2 pts – \$500K up to \$750K 1 pt – \$250K up to \$500K Small Projects: 3 pts – >=\$600K 2 pts – \$400K up to \$600K 1 pt – \$200K up to \$400K	Project Start	3 pts – OA has been signed and requirements developed 2 pts – OA has been signed and requirements target date <=6/30/17 1 pt – OA has been signed and PM has been assigned
% Annual Rent Savings (with TI)	3 pts – >=40% 2 pts – 30% up to 40% 1 pt – 20% up to 30%	Client Ranking	3 pts – #1 nationally ranked project 2 pts – #2 nationally ranked project 1 pt – #3 nationally ranked project
% Annual Rent Savings (w/out TI)	3 pts – >=40% 2 pts – 30% up to 40% 1 pt – 20% up to 30%	Tenant Payback	3 pts – <=1yr 2 pts – >1 yr and <= 3 yrs 1 pt – > 3 yr and <= 5 yrs
Office-only UR Improvement	3 pts – 130 or below 2 pts – 131-150 1 pt – 151-170	Total Project Costs/Annual Lease Cost Avoidance	4 pts – <=1yr 3 pts – >1 yr and <= 3 yrs 2 pts – >3 yrs and <= 5 yrs 1pt – >5 yrs and <=7 yrs
% Office-only UR Improvement	3 pts – >=40% improvement 2 pts – 25% up to 40% 1 pt – 15% up to 25%	Total Project Costs/Annual Rent Savings	4 pts – <= 2 yrs 3 pts – > 2 yrs and <= 5 yrs 2 pts – > 5 yrs and <= 8 yrs 1pt – > 8 yrs and <=10 yrs
Project Type	3 pts – Leased to Owned 2 pts – Owned to Owned or Owned Contraction 1 pt – Leased to Vacant Leased	<b>Strategic Planning (RTF Plan, etc.)</b>	<b>1 pt – Project is part of OR aligned with a strategic plan.</b>

Max score is 39 points

# Consolidation Fund Prioritization Criteria



# National Consolidation Fund POCs

## Region 1

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## Region 11 / NCR

Jason Hilton - [jason.hilton@gsa.gov](mailto:jason.hilton@gsa.gov) (202) 708-7012



*Demonstration*  
***Consolidation Worksheet - Business Case Development***  
*Mike Bernatz*

**Consolidation Business Case Template - Version 19.1**

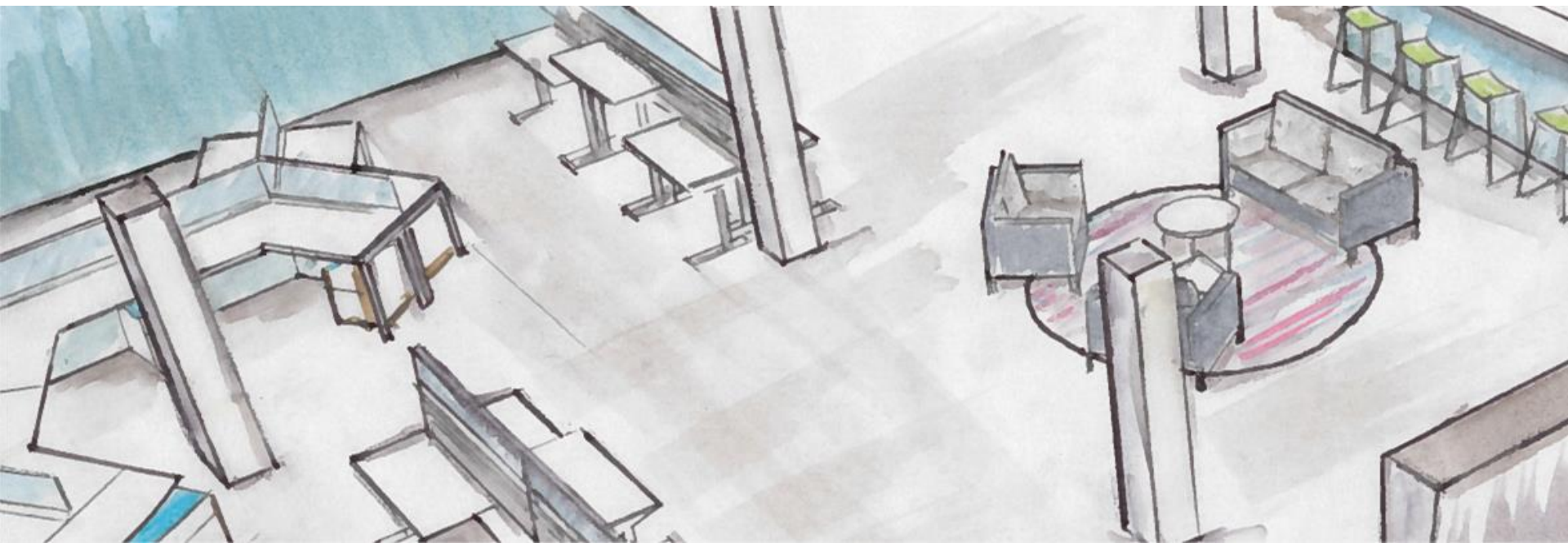


***Complementary Services - GSA's FIT Program  
(Furniture and IT)  
Chuck Hardy***



# GSA's FIT Program

A national funding initiative that integrates FAS and PBS resources into a new GSA service offering to help other federal agencies use their workspace more efficiently and effectively.



# ***FIT Program Overview***

## ***Objectives***

1. Create a place where people want to come to work.
2. Encourage and support collaboration.
3. Improve productivity.
4. Improve space utilization.
5. Produce energy and carbon savings

## ***How it Works***

- Multi-year term agreement 3-yr for IT/5-yr for furniture
- Agency incurs no obligation to keep the product
- Ownership can transfer to customer at end of the agreement
- Preference is given to GSA-controlled space

## ***Resource link:***

GSA Total Workplace's [FIT Program](#) *(includes FIT Overview & Qualifications)*

# ***FIT Qualification Checklist***

## ***Six Mandatory Requirements***

1. **Comply** with your agency's utilization rate policy or 150 USF or less for total office, and 180 USF for 'all-in'
2. **Maximize** natural light by specifying furniture panels no taller than 54"
3. **Open workstations** must not exceed 50 SF
4. **Offices** must not exceed 150 SF. FIT Furniture can be purchased for offices 80-150 SF
5. Locate private **offices** and enclosed rooms on the **interior** as design allows
6. **FIT Program Order Minimums** - Orders must be greater than \$350K for furniture, and greater than \$500K for IT

*Note: FIT funding for the next 5 years at \$16 million per year.*

# ***FIT Optional Design Requirements***

*(a minimum of 6 must be met)*

## ***Environmental Factors***

- **New** Reduce closed offices to a minimum 1:8 office to workstation ratio
- Utilize glass walls instead of solid walls where appropriate
- Incorporate visual & noise privacy needs

## ***Mobility***

- Maximize space utilization through desk-sharing
- Embrace mobility: offer a telework program one day per week

## ***Catering to Work Style Diversity***

- Analyze work patterns and job duties to determine workstations.
- Create open, interactive, free-flowing space for collaboration
- Share meeting spaces by the use of a reservation system
- Offer quiet spaces, phone booths, quiet & focus rooms.



***GSA-Customer Coordination and  
Communications  
Tiffany Simon and Eric Fulton***

# *Communication Plan*

- Information on the Project Worksheets should not get stale
  - Agency priorities may change
  - Project scopes and schedules may change
  - Financial situations may change
- Discuss how best to communicate to ensure information is accurate and complete
  - Who at the Agency?
  - How often?
  - What is the process for updates and validation?



# ***Reimbursable Work Authorization (RWA) Strategies***

***Ashlee Carlson and Jeffrey Franz***



# Leveraging Reimbursables as a Legal Funding Alternative

Our Reimbursables Services Program is committed to providing data for clients

- Assessment of current RWA balances that may potentially be available
- Reprioritization of RWA funds not yet obligated by GSA

RWA Classification	RWAs	Unobligated Balance	Description
Projects Open/FY17+/\$0 Obligations	37	\$1,695,047	These are OPEN Projects citing customer funding that is still available for obligation (FY17 annual, multi-year ending in FY17 or later, and no-year), with \$0 in obligations to date, suggesting the project may not have started yet.
Projects Completed/FY17+/Avail Balance	22	\$721,784	These are COMPLETED Projects citing customer funding that is still available for obligation (FY17 annual, multi-year ending in FY17 or later, and no-year). Since these are COMPLETED Projects, the remaining balance very likely is no longer needed for this project, can be de-obligated and then made available for re-obligation by the customer agency.
Projects Open/FY17+/Some Obligations	41	\$4,321,067	These are OPEN Projects citing customer funding that is still available for obligation (FY17 annual, multi-year ending in FY17 or later, and no-year), with >\$0 in obligations to date, suggesting the project has already started and cancelling them at this point may not be as feasible.



# ***Consolidation Program Next Steps***

## ***Cliff Pearson***

## Next Steps

- GSA and your Agency should partner now to begin project discussions and planning...Timing is critical!
- Reach out the the Regional Consolidation Points of Contacts to get Business case development started
- Prioritize projects that your Agency would like to see funded through the Consolidation Fund
- Confirm what funding source(s) your Agency will use to cover upfront cost not covered via consolidation funds (i.e Furniture, IT, Move costs)
- Use our Consolidation Fund to support your Agency's *Reduce the Footprint* goals



## Questions?

### ***PBS Office of Portfolio Management and Customer Engagement***

***Cliff Pearson*** - Real Property Asset Management Specialist (202)704-6598 [clifford.pearson@gsa.gov](mailto:clifford.pearson@gsa.gov)

***Christian Hazen*** - Director, Capital Assessment and Allocation Division (202) 208-2089 [christian.hazen@gsa.gov](mailto:christian.hazen@gsa.gov)

***Tiffany Simon*** - National Customer Planning Manager (202) 501-9093 [tiffany.simon@gsa.gov](mailto:tiffany.simon@gsa.gov)

***Eric Fulton*** - National Customer Outreach and Communications Manager (202) 714-9072 [eric.fulton@gsa.gov](mailto:eric.fulton@gsa.gov)

### ***PBS Region 9 (Pacific Rim)***

***Mike Bernatz*** - Region 9 Customer Engagement, Consolidation Fund POC (415) 760-9242 [michael.bernatz@gsa.gov](mailto:michael.bernatz@gsa.gov)

### ***GSA's Total Workplace Program***

***Chuck Hardy*** - Director, Total Workplace Program Management Office (312) 886-0205 [charles.hardy@gsa.gov](mailto:charles.hardy@gsa.gov)

### ***PBS Office of Design and Construction, PBS Project Delivery Excellence Division***

***Ashlee Carlson*** - Reimbursable Services Program Manager (202) 253-9810 [ashlee.carlson@gsa.gov](mailto:ashlee.carlson@gsa.gov)

***Jeffrey Franz*** - Reimbursable Services Program Analyst (202) 826-5037 [jeffrey.franz@gsa.gov](mailto:jeffrey.franz@gsa.gov)



Thank you for joining us today for a discussion on **the**  
***GSA Consolidation Fund Roadshow***

Join us for our next Client Enrichment Series session

***Is Longer Term Leasing Right for You?***

***Thursday, April 19th 2pm Eastern***

***Register Now***

**[www.gsa.gov/ces](http://www.gsa.gov/ces)**

We're on YouTube! - search "GSA PBS Client Enrichment Series"

Reach us at **[clientenrichmentseries@gsa.gov](mailto:clientenrichmentseries@gsa.gov)**



## *Appendix*





## ***National Consolidation Fund Contacts***

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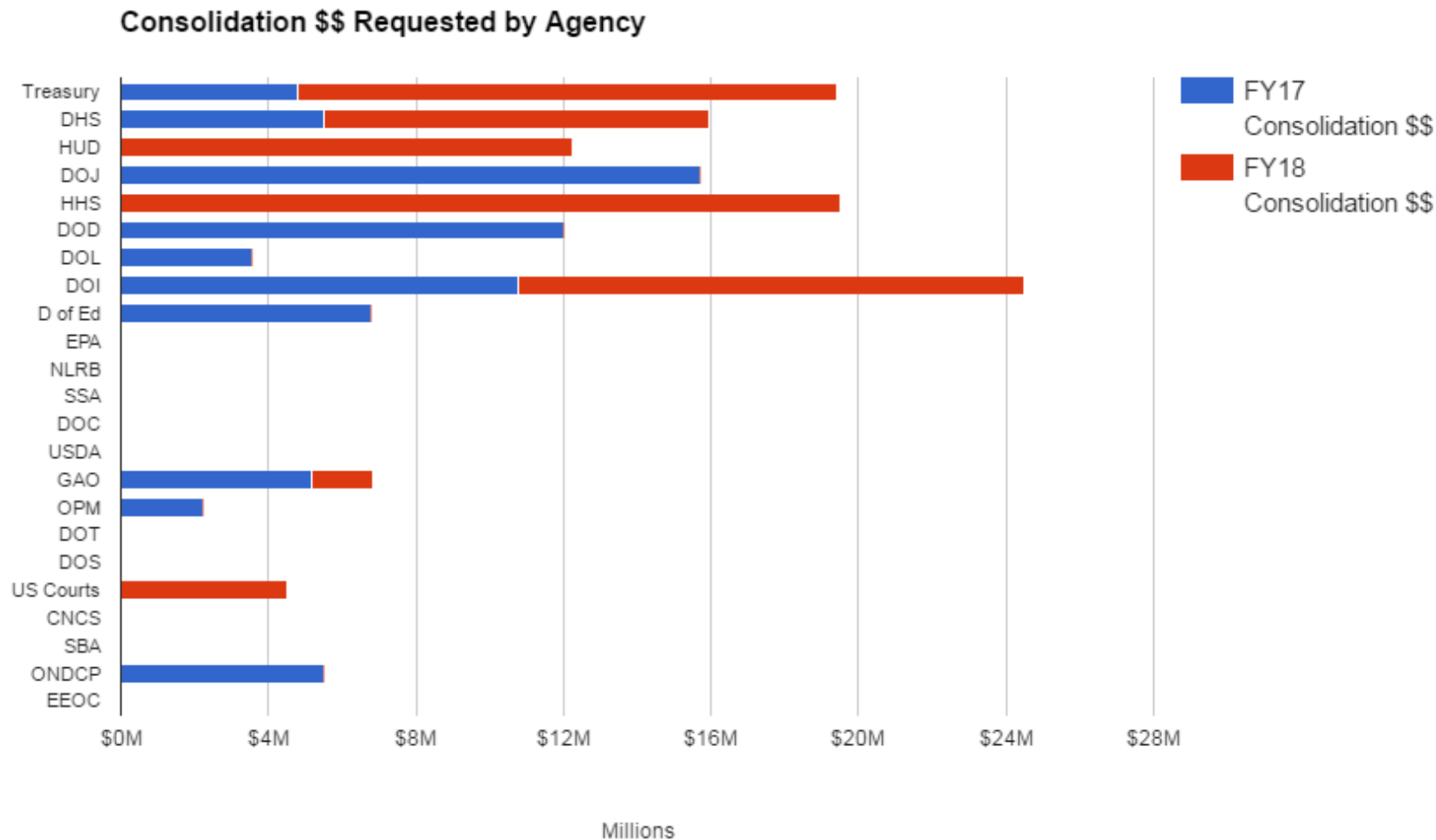
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# FY17 & FY18 Consolidation Funding



# Typical Consolidation Schedule (repeatable)

